

State of Hawaii
State Procurement Office
www.spo.hawaii.gov

Handbook on
Evaluating Proposals
for Health and Human Services
Pursuant to Chapter 103F, HRS

Revised December 2006

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*Handbook on Evaluating Proposals
for Health and Human Services*

Introduction

This handbook was developed for state agency personnel responsible for the evaluation of proposals submitted in response to a request for proposals for health and human services pursuant to Chapter 103F, HRS.

The handbook is a guide for a process crucial to good procurement. If open government, consistency, and fairness and a level playing field for applicants and quality services are principles guiding the evaluation process, it will be a smooth and successful one resulting in the best services for the people of Hawaii.

Each department may have different titles for various personnel performing various functions within the procurement process. For the purposes of this handbook, the ‘RFP coordinator’ is the individual responsible for coordinating and overseeing and the RFP and the proposal evaluation process. It is imperative to have such a role to ensure the intent of the RFP is clear throughout all aspects of the procurement process.

This handbook will be updated as needed. It is located on the State Procurement Office website at: www.spo.hawaii.gov, click “Health and Human Services” then “For State Agencies” and “Handbook on Evaluating Proposals for Health and Human Services” (under the Competitive Method of Procurement).

Check the website each time you plan to evaluate proposals.

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Overview: Setting the Stage for the Evaluation Process

An effective evaluation process requires several factors:

- Clearly stated, measurable criteria that are properly weighted in relation to the importance to the service.
- Evaluators who have been involved in the development of the RFP and its criteria and are therefore very knowledgeable of the service and the evaluation criteria.
- An RFP coordinator coordinating the evaluation process, providing guidance as to procedures and serving as a resource to the evaluators.

That said, all of the above may not always occur. Some factors may be more easily corrected than others. If an evaluator is brought in after the RFP has been issued, it is possible to train the evaluator to a level of proficiency in which the individual will be able to actively participate in an evaluation team. If you have been involved in the RFP process for any length of time, however, you may have encountered other issues that are not so easily corrected such as poorly constructed evaluation criteria, criteria in which the priorities are not appropriate to their importance to the service, evaluators who are at cross purposes with the evaluation criteria, or lack of coordination of the evaluation committee. It is always far more effective and efficient to acknowledge when effective evaluation is not feasible or unlikely and make the appropriate corrections. Corrective actions may include a variety of activities ranging from re-training evaluators to cancellation of the RFP and issuance of a new RFP depending on the extent of the correction needed and where it is discovered in the process. Now on to the process...

Receipt of Proposals

Upon receipt, proposals must be date and time stamped, if possible, and placed in a secure place. Do not examine the proposals for evaluation purposes before the proposal submittal deadline.

Note: Keep envelopes containing the postmark of proposals.

It is recommended that incoming proposals be given unique identification numbers for purposes of identifying and tracking.

Other offices in the purchasing agency should be advised that proposals are expected in response to an RFP and not to discard envelopes in which proposals are received should they be inadvertently opened. One way to notify other offices is to send a copy of the Proposal Mail-in and Delivery Information Sheet along with instructions for receipt.

What to include:

- Instructions on the proposals are to be received by mail or hand-delivery;
- Date stamp/timestamp requirement;
- Maintenance of proposals received in secure place;
- Save the envelope if accidentally opened;

- If hand-delivered, and not a designated drop-off point, instructions to direct the delivery person to the designated delivery points;
- If received by mail, notify the contact person immediately so the applicant may be notified and retrieve and deliver to the correct address before the deadline;
- Contact person, phone and e-mail should there be questions;

Occasionally, applicants will deliver/mail a proposal to an office that is not a designated mail-in or drop-off point indicated in the RFP. If the office is uninformed, it may not be discovered that it is a proposal until after the submittal deadline. It is important that the postmarked envelope in which the proposal was mailed is not discarded because it serves as evidence that the proposal was not delivered in accordance with the RFP. If an applicant attempts to hand-deliver a proposal to the incorrect location, staff should direct the applicant to the correct office to avoid rejection of a proposal.

Prior to the proposal submittal deadline, an applicant may withdraw or modify a proposal that has been submitted. All modifications received shall be date-stamped and, if possible, time-stamped. Intent to withdraw a proposal must be in writing and shall also be date- and, if possible, time-stamped.

(Reference: Sections 3-143-601 and 3-143-204, HAR)

Register of Proposals

A 'Register of Proposals' shall be developed and shall include the name of each applicant, the RFP title and RFP. More specific details such as geographic areas served or services proposed are not required in the register.

The register must be available to the public within a reasonable time period. Ten days after proposal submittal deadline is reasonable, one month is not.

(Reference: Sections 3-143-204 and 3-143-615, HAR)

Inadequate Response to an RFP

An inadequate response to a request for proposals exists when:

- (1) There is only one proposal that is both responsive to the request for proposals and submitted by a responsible provider;
- (2) All proposals that were received are either not responsive to the request for proposals, or were not submitted by responsible providers; or
- (3) There are no responses at all to the request for proposals.

Single Proposal Received

If only one proposal is received, the purchasing agency has several options. Documentation of the option chosen shall be part of the procurement file. The purchasing agency may:

- A. **Require a cost analysis.** The purchasing agency may require a cost analysis to validate the proposal's cost factors including cost or pricing data.
- B. **Make an award.** The purchasing agency may make an award to the single applicant if:
 - 1. The proposal submitted is responsive to the request for proposals, and its terms are reasonable and satisfactory to the purchasing agency; and
 - 2. The required minimum twenty-eight day period from the initial notice of the request for proposals to the submittal deadline has elapsed, providing other prospective applicants with a reasonable opportunity to respond.
- C. **Reject the proposal.** The purchasing agency may reject the proposal and either issue a new request for proposals, or cancel the procurement altogether.
- D. **Enter into direct negotiations.** The purchasing agency may negotiate directly with the applicant upon a written determination by the purchasing agency that:
 - 1. The need for the service continues;
 - 2. The single proposal is not satisfactory and reasonable; and
 - 3. There is no time to issue a new request for proposals or resolicitation would likely be futile.

When entering into direct negotiations, the requirements of the RFP may not be modified in a manner that would constitute a material change to the RFP. In this case, a material change is one that would have affected a potential applicant's decision not to apply.

Example: Increasing the unit rate from the one stated in the RFP by 50% is likely to affect a potential applicant's decision to apply.

No Proposals or No Useful Proposals Received

If no proposals are received or no responsive proposal is submitted by a responsible applicant, (see *Responsive Proposals* and *Responsible Providers*) the purchasing agency may choose one of the following:

- 1. **Reissue the request for proposals.**
- 2. **Alternate service delivery.** The purchasing agency may select an alternate method of service delivery and issue a new request for proposals
- 3. **Cancel the procurement altogether.**
- 4. **Select without competition.** Purchasing agencies may select a provider upon making a written determination that it is neither practicable nor advantageous to

issue a new request for proposals based on a consideration of the following factors:

- a. Competition in the marketplace;
- b. Whether the additional potential cost of preparing, soliciting, and evaluating competitive purchase of service proposals is expected to exceed the benefits normally associated with the solicitation; and
- c. Any other factors that the purchasing agency deems relevant to this determination.

When selecting a provider and negotiating a contract, the requirements of the RFP may not be modified in a manner that would constitute a material change to the RFP. As with a single proposal, a material change is one that would have affected a potential applicant's decision to apply or not apply.

Note: The purchasing agency may also conduct a restrictive purchase of service by following the procedures established under Chapter 3-144, HAR.

(Reference: Section 3-143-609, HAR)

The Preliminary Review: Is It All There?

Conducting a preliminary review to ensure all documents are included helps to speed the review process. Make a list of all the documents required, and check each proposal before distributing proposals to evaluators.

Business Standing with the Department of Commerce and Consumer Affairs (DCCA)

Check to ensure the applicant is in good standing with the DCCA, you may check online at the DCCA website or, if the applicant is registered with Hawaii Compliance Express (HCE), business standing may also be checked on HCE. (Note that tax clearance may also be verified/obtained on HCE.)

Hawaii Compliance Express (<http://vendors.ehawaii.gov/hce/splash/welcome.html>)

DCCA Business Registration Search <http://hbe.ehawaii.gov/cogs/search.html>

If the applicant is not in good standing, the purchasing agency should notify the applicant and give the applicant the opportunity to become compliant.

It is possible the applicant may have submitted a report to the DCCA late and it has not been reviewed yet.

Note: Sole proprietors are not required to register with the DCCA.

Applicant Forgot the Table of Contents/Budget Justification for Personnel/Title Page, etc.

There are three types of omissions:

- Omissions that would provide no new information if requested but are required or needed. This allows the purchasing agency to ask that the applicant submit the document within a specified time period. (*See Patent Error*).
- Omissions that would provide some information had it been submitted but the proposal is still responsive to the RFP without it. Purchasing agencies may evaluate the proposal without the information/documents that are missing and score accordingly.
- Omissions so massive the proposal is rendered non-responsive. Purchasing agencies may reject the proposal. Note that proposal rejection occurs infrequently.

(*See Patent Errors and Responsive Proposal and Responsible Applicants.*)

Responsive Proposals and Responsible Applicants

Responsive Proposals. A responsive proposal is one that conforms in all material respects to a purchasing agency's request for proposals.

Example: If an RFP requires all budget forms and an applicant omits some of the justification forms, the proposal can still be determined to be responsive. The intent is clear, even if all the details are not included.

Responsible Applicants. A responsible applicant is one that has the capability to perform the contract requirements. Capability is the ability of a provider to provide the health and human service required by the purchasing agency.

(*Reference: Chapter 3-140, HAR*)

Rejection of Proposals

Proposals may be rejected for the following:

1. Failure to cooperate or deal in good faith;
2. Inadequate accounting system;
3. Late proposal (submitted after the proposal submittal deadline);
4. Proposal not responsive;
5. Applicant not responsible.

Mailed proposals must be postmarked by *United States Postal Service* by the proposal submittal date. Deliveries by private mail services such as FEDEX shall be considered hand deliveries and shall be rejected if received after the submittal deadline.

An applicant may protest a proposal that has been rejected. Chapter 3-148, HAR "Protests," shall apply.

(*Reference: Sections 3-141-201, 3-141-202, 3-143-204, and 3-143-603, HAR*)

Evaluators and Advisors

Evaluators

Who may evaluate proposals:

- A. The procurement officer, or
- B. An evaluation committee of at least 2 state employees selected by the head of the purchasing agency or procurement officer.

Documentation of review committee members and any subsequent changes shall be placed in the procurement file. The procurement file shall be accessible to the public upon execution of the contract(s) for the RFP.

Advisors

- Non-state employees may serve as advisors but they may not represent or act on behalf of a state agency in any selection/award.
- Non-state employees may not serve as advisors if it would pose an actual or potential conflict of interest. (See below for examples of conflict of interest.)

(Reference: Section 3-143-205, HAR)

Conflicts of Interest

Potential evaluators and advisors should be screened for:

- Conflicts of interest,
- Potential conflicts of interest, and
- The appearance of conflict of interest.

Examples:

- (1) Owns or has a financial interest in an applicant.
- (2) Relative works for an applicant.
- (3) Previously worked for an applicant.
- (4) There is a supervisor/subordinate relationship exists among evaluators.
- (5) Current or recent past member of the board of directors of an applicant.
- (6) Serves or served as an advisor, consultant, representative, or other capacity to an applicant.

Note: Your Deputy AG and the Ethics Commission are excellent resources should you have any questions as to whether there may be a conflict of interest.

Confidentiality and Access to Documents

All proposal contents are to be kept confidential until all contracts for an RFP are executed. If information about proposal contents is compromised, it affects the ability of parties to negotiate.

Will evaluators or advisors be able to take the proposals with them to review? If so what are the safeguards for confidentiality? Advise evaluators and advisors not to discuss conversations in evaluation committee meetings or proposal contents with spouses, friends or coworkers.

After the contract is executed, procurement file contents, including evaluations and proposals shall be available for public inspection.

(Reference: Sections 3-143-604, 3-143-616, HAR)

Selecting and Training Evaluators

As stated earlier, it is best when evaluators are included in the development of the RFP. This is not always possible. Even with good planning there are times when evaluators may no longer be available. When selecting evaluators for a committee, the following should be taken into consideration:

- Has in-depth knowledge of the service;
- Has sufficient education and training to evaluate proposals;
- Does not have a personal interest in any of the applicants;
- Is committed to following procedures required for proposal evaluation; and
- Can work with other committee members.

Training the Evaluators

Evaluators should be trained even if they participated in the development of the RFP. Training works best when evaluators are trained together ensuring that all evaluators receive the same information and have the same understanding of why procedures must be conducted in a particular manner. Evaluators should have the opportunity to ask questions at training.

Evaluating Proposals Received in Response to an RFP
Training for Evaluation Team

SAMPLE AGENDA

- I. Summary of the RFP Process**
(Describe process, fair and open process, what applicants may protest, etc.)
- II. Applicants**
(Evaluators need to know applicant names to determine if there is a conflict of interest. Advise evaluators if applicants are known by other names (AKAs).)
- III. Conflicts of Interest**
(Describe examples of conflicts of interest, ask questions.)
- IV. Confidentiality**
(Describe their responsibility with regard to confidentiality of the proposal contents, emphasize that it is important not to discuss proposal contents with friends or family, and to keep the proposals in a secure place if the proposals are allowed to be taken home.)
- V. The RFP**
(Orient the evaluators to the RFP. If there are any issues that may come up, point them out in the RFP and have them mark them. Ensure each evaluator has a copy of the RFP.)
- VI. The Evaluation Process**
(Explain in detail how proposals will be evaluated, what documentation must be kept, any scoring mechanisms to be used, documentation that must be turned in to the person conducting the procurement, etc.)
- VII. The Evaluation Criteria**
(Review in detail each evaluation criteria. Describe how each must be scored. This may take a while but will save everyone time later.)
- VIII. The Statement of Findings and Decision and Evaluation Scoresheet**
(Review the evaluation scoresheet. If it will be a group evaluation and someone else will be recording scores and comments, describe the process. Show the evaluators formats of documents each applicant will receive in the notice of award/nonaward. This will help them formulate comments.)
- IX. Questions and Answers**
(It is extremely important to allow time for questions prior to evaluating proposals)

**Commandments for Evaluators
of Proposals for Health and Human Services
Pursuant to Chapter 103F, HRS**

1. Keep proposal contents confidential and do not discuss them with co-workers, family or friends or leave them unsecured.
2. Have no personal interest in any of the applicants and no conflicts of interest.
3. Attend training for evaluators and abide by instructions and rules.
4. Ask questions when you do not understand.
5. Read the RFP thoroughly and ask questions about any parts of the RFP that are not clear to you.
6. Know the evaluation criteria thoroughly.
7. Evaluate proposals based solely on the evaluation criteria stated in the RFP; don't compare proposals.
8. Take notes and provide comments to justify scores.
9. Be kind to the other evaluators by allowing them their turn to speak and treating them with respect.

Evaluation Committees

When using evaluation committees, there are 2 ways evaluations may be conducted:

- (1) Evaluators score separately and the scores are then tallied/averaged.
- (2) The evaluation committee decides on scores as a group.

Advantages of Group Evaluations

When evaluating as a group, evaluators can share their findings. If there is a discrepancy among evaluators, they can discuss the basis for their position. One evaluator may find information another has overlooked. (See *Documentation*.)

If using more than one committee for non-competing proposals (for instance, when there are different committees for each island) it is important the RFP coordinator is present at each evaluation committee to ensure consistency. If an applicant submits the same proposal for two different geographic areas and the evaluation criteria are the same, it is reasonable to expect evaluations to be the same or very similar for the same criteria. The RFP coordinator should check for consistency.

The same evaluators shall evaluate all competing proposals. Because there is an element of subjectivity when evaluating quality it is not fair or equitable to divide proposals among groups of evaluators. Likewise, sections of proposals may not be divided among groups of evaluators. Remember that other state agency personnel may serve as advisors should assistance be needed.

Patent Errors-

Correction of Errors Discovered After the Proposal Submittal Deadline

Applicants have the responsibility of ensuring that their proposals are free of errors. Before the submittal deadline, they may correct anything. After the submittal deadline, they may only correct patent errors.

A patent error is an error in the proposal that is readily ascertainable by a reasonably knowledgeable person in the field of health and human services. Any new information that is not already in the proposal may not be submitted after the proposal submittal deadline.

Examples of patent errors:

- Arithmetical errors
- Typographical errors
- Transposition errors
- Omitted signatures
- Omitted table of contents

An applicant must demonstrate that:

- (1) The proposed correction constitutes the information intended at the time the proposal was submitted and not a modification of the proposal based on information received after the submittal deadline; and
- (2) The proposed correction is not contrary to the best interest of the purchasing agency or to the fair treatment of other applicants.

(Reference: Section 3-143-606, HAR)

Evaluation Procedures: The Rule of 4

1. The evaluation of proposals shall be based solely upon the evaluation criteria and their relative priorities as established in the RFP.
2. Evaluations must be in writing.
3. Numerical evaluations shall include a written explanation of scores given in accordance with criteria stated in the request for proposals.
4. After all of the proposals have been evaluated, the proposals shall be ranked from most advantageous to least advantageous, based on the evaluations each proposal received.

Note: The written evaluations for all proposals received shall be placed in the procurement file and made available for public inspection after execution of a contract or contracts for the RFP. (See *Documentation*)

(Reference: Section 3-143-205, HAR)

The Criteria

This section addresses what purchasing agencies may and may not do with regard to criteria.

Prior to Proposal Deadline:

What Purchasing agencies may do:

- Amend, correct or clarify the criteria by addenda to the RFP.

After Proposal Submittal Deadline

What purchasing agencies may do:

- Clarify evaluation criteria (based on the RFP).

What purchasing agencies may **not** do:

- The RFP evaluation criteria may not be modified.
For example: If points/weights were not assigned to the bullets under each section, points may not be assigned that vary from bullet to bullet. By not stipulating weights for each bullet, the assumption is that each bullet carries equal weight. The reason is that this could have affected the manner in which applicants responded to the RFP.

Evaluations shall not be based on race, religion, color, national origin, sex, age, marital status, pregnancy, parenthood, physical or mental disability, political affiliation of the applicant, or any other criterion prohibited by law, unless such criterion is permitted by law.

(Reference: Section 3-143-205, HAR)

Discussions with Applicants after Proposal Submittal Deadline

Allowed Purposes:

- (1) Clarifying elements of the request for proposals or the proposal;
- (2) Facilitating the refinement of proposals to produce the contract that will be most advantageous to the state in light of the evaluation criteria set forth in the request for proposals; or
- (3) Negotiation with providers to arrive at a more advantageous set of proposals for the state to consider. (See Final Revised Proposals.)

Purchasing agencies must establish procedures and schedules for conducting discussions that will insure the reasonably fair and equal treatment of all applicants.

Procedures/schedules may include but are not limited to:

- Sufficient time to speak with all applicants.
- Format for discussions.
- Topics to be discussed.

(Reference: Section 3-143-403, HAR)

Modification or Cancellation of Requests for Proposals

Modification of an RFP

A purchasing agency may modify the Request for Proposals if the proposed modification does not constitute a material change in the nature of the request for proposals,

A purchasing agency may issue a written addendum in accordance with Section 3-143-301, HAR, followed by a Request for Final Revised Proposals.

Cancellation of an RFP

If a proposed modification does constitute a material change in the nature of the Request for Proposals, then the purchasing agency may cancel the request for proposals in accordance with Section 3-143-613, HAR, and a new Request for Proposals may be issued.

Material change in the nature of a Request for Proposals is one that would alter a reasonable applicant's decision not to have submitted a proposal.

(Reference: 3-143-301, 3-143-607, 3-143-613)

Final Revised Proposals

Purpose: To allow fair and equal opportunity for all applicants to respond to the matters raised at the discussions and make a best and final offer.

Procedure:

- (1) Issue notice by addendum to all applicants that includes:
 - a. A request for final revised proposals;
 - b. The deadline for submission of final revised proposals;
 - c. The procedure for submitting final revised proposals if that procedure is different from submitting the original proposals;
 - d. Instructions that only the section or sections of each applicant's last proposal that are amended should be submitted in the final revised proposal; and
 - e. A statement that if an applicant does not submit a final revised proposal, then the last proposal submitted by an applicant shall be deemed to be the applicant's final revised proposal
- (2) Unless a different method is specified, final revised proposals shall be submitted to purchasing agencies in the manner provided for the original proposals
- (3) After revised final proposals are received, final evaluations will be conducted, and an award or awards made, unless the purchasing agency makes a written determination that it is in the state's best interest to conduct additional discussions or issue a further addendum to the request for proposals.

(Reference: Section 3-143-607, HAR)

Partial Rejection of a Proposal

A purchasing agency may partially reject any proposal in order to request modifications to the proposal that are in the best interests of the state.

Conditions:

- (1) The proposal has been determined under the evaluation process to be the most advantageous; and
- (2) The modifications proposed by the purchasing agency will not render the proposal or proposals less advantageous.

Procedure:

- (1) The purchasing agency gives the applicant that submitted the proposal a notice of partial rejection containing the following information:
 - a. Identification of the proposal; and

- b. A statement of the proposed modifications to the proposal.
- (2) If acceptable to the applicant, the applicant approves modifications proposed in the notice in writing.
- (3) If the modifications as proposed are not acceptable to the applicant, then the applicant may make a counter-proposal to the purchasing agency and negotiate a set of modifications mutually acceptable to both parties.
- (4) Once proposed modifications are approved by both the purchasing agency and the applicant, they shall be incorporated into the applicant's proposal in a manner mutually acceptable to both parties.

Notice of Award – Statement of Findings and Decision

- Sample format is on the SPO website.
- Should be clear, concise and objective.
- Should contain enough information so that the applicant who wasn't awarded knows where his proposal was lacking.
- Must include a copy of the evaluation scoresheet of the applicant.

Documentation: What's Official and What's Unofficial

- If evaluation is by averaging scores of individual evaluators, the evaluation sheet from each evaluator must become part of the procurement file and is accessible to the public after a contract is executed.
- If evaluation is by developing a group score for each section/bullet, the group scores and comments must become part of the procurement file and are accessible to the public after a contract is executed.

The following must be included in the procurement file with regard to evaluation:

- A listing of all evaluators and any changes made to evaluators.
- The final evaluation scoresheet for each applicant and the basis for the scores (comments).
- If scoring was based on averaging individual evaluators, scores each evaluators score and the basis for the score.

(Reference: Sections 3-143-205 and 3-143-616, HAR)

When There is a Protest

Applicants may submit protests of awards within five working days of the postmark of the notice of findings and decision, or notice of rejection sent to the protestor. Once a notice of protest is received, all action to award a contract shall be suspended and no further action to make the protested award shall be taken, including but not limited to:

- (1) Execution of a contract;
- (2) The delivery of services in anticipation of the award; or
- (3) Negotiations or discussions with a provider regarding an intended award or contract.

(Reference: Section 3-148-501, HAR)

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